

Undisputed facts about the minimum wage

www.pbs.org /newshour/making-sense/undisputed-facts-minimum-wage/

By Simone Pathe



Protestors urge a raise in the minimum wage outside the Ronald Reagan Building and International Trade Center April 29 in Washington, DC. Photo by Alex Wong/Getty Images

By the end of 2015, [29 states](#) and the District of Columbia will have minimum wages above the federal \$7.25 an hour. (Twenty-one states increased their minimum wages for the New Year.)

Since Congressional Democrats were unable to raise the federal minimum wage to the \$10.10 the president called for in his [2014 State of the Union address](#), states and cities have been the primary battleground for the policy.

Economists are divided on the topic, each pointing to their own statistics about why raising the minimum wage is a good or bad idea. And many pieces of data can be seen as positive or negative depending on the lens through which they are viewed. But even if they're spun different ways, there are some known facts about the minimum wage — who minimum wage workers are and what they do, for example.

On New Year's Eve, NewsHour's Hari Sreenivasan spoke with Jared Bernstein, a senior fellow at the Center on Budget and Policy Priorities, and Diana Furchtgott-Roth, of the Manhattan Institute.

Here, Making Sen\$e presents the basic data that proponents and opponents of raising the minimum wage generally accept as coming from nonpartisan sources: namely the [Bureau of Labor Statistics 2014 report](#) on minimum wage workers, which relies on Census Bureau surveys. Both sides can, and happily do, shape this data to support their

own positions, but any conversation about the minimum wage should start here.

How many minimum wage workers are there?

In 2013, 3.3 million Americans worked at an hourly rate at or below the federal minimum of \$7.25. This data comes from the [Current Population Survey](#) (conducted by the Census Bureau for the Bureau of Labor Statistics). Note that the Current Population Survey does not specify whether workers are covered by federal or state minimum wages; their calculations are based only on the wage reported.

MORE FROM MAKING SEN\$E

[The fast food strike: the hard facts behind the Big Mac attack](#)

Those 3.3 million Americans represent just 4.3 percent of hourly paid employees. Employees 16 and older who are paid hourly make up nearly 60 percent of the workforce. The denominator here is “wage and salary workers.” (The BLS excludes you from that group if you’re self-employed at an unincorporated business or are a non-paid family worker.)

How has that changed over time?

The percentage of hourly workers earning the federal minimum wage or less has decreased from 4.7 percent in 2012 and from 13.4 percent in 1979.

Who are minimum wage workers?

We know minimum wage workers tend to be younger, female and white, often working in notoriously low-paying industries like hospitality and service. But characterizing their place in the workforce is a common starting point for disagreement over raising the minimum wage.

MORE FROM MAKING SEN\$E

[Why your baggage handler may be on food stamps](#)

Opponents of raising the minimum wage, like Furchtgott-Roth, argue that these workers are young teens — [half are under 25](#), she says — who are working jobs supplemental to their families’ income; poor families they are not necessarily. That’s no longer the case, disputes Bernstein. In a report he helped prepare for the [Economic Policy Institute](#), Bernstein cited data from the Congressional Budget Office describing the average minimum wage worker as full-time and 35 years old. Those are the people who would be helped if the wage were raised to \$10.10, the report states. According to the same report, 88 percent of those who would be affected are at least 20, and half are over 30.

How old are they?

Perhaps the easiest data point to cherry pick in this debate is age. First, your percentages will depend on how you slice the population. Second, your narrative can sound very different depending on whether you’re talking about the percent of all minimum wage workers who fall into a certain age group *or* the percent of your specified age group that is minimum wage. And third, the Bureau of Labor Statistics calculates percentages for workers who earn the minimum wage *exactly*, those who earn *less* than the minimum wage, *and* the total of those two. That last category — those who earn the minimum wage or less — is what we’re interested in and will be referring to from here on out.

MORE FROM MAKING SEN\$E

The missing piece of the minimum wage and inequality debate

Let's start with the young'uns. Eleven percent of 16-to-24 year olds earn \$7.25 or less. Looking at working teenagers specifically, about 20 percent of 16-to-19-year-olds earn the minimum wage or less. For workers over 25, that percentage drops to about 3 percent. So it's safe to say that, proportionally speaking, more young workers are earning the minimum wage or less than older workers.

But some politicians and economists prefer to cite the *distribution* of minimum wage workers by age. Presented this way, 16-to-24-year-olds make up slightly more than half of all minimum wage (and below) workers. (The teenage subset of that represents 24 percent.) Workers over the age of 25 represent slightly less than the other half. Looking at sheer numbers, we see that in 2013, there were almost as many at-or-below minimum wage workers over the age of 25 (1,638,000) as there were between the ages of 16 and 24 (1,663,000).

What do they look like?

Women make up about 62 percent of at-or-below minimum wage workers. And 5.4 percent of women earn the minimum wage or less, compared to 3.3 percent of men 16 years and older.

What about race? At-or-below minimum wage workers are overwhelmingly (77 percent) white. The next largest demographic distribution is Hispanics, followed by African-Americans. This distribution closely mirrors that of hourly paid workers. But what about the percentage of each ethnicity that earns the minimum wage? Nearly 5 percent of African-Americans earn the minimum wage or less — that's higher than for any other race or ethnicity, but not by much.

MORE FROM MAKING SEN\$E

[How nonprofit workers get squeezed when minimum wages increase](#)

The majority (72 percent) of at-or-below minimum wage workers have at least a high school degree. That may sound surprising to some, but it reflects a larger pattern in the workforce: 88 percent of hourly paid workers are at least high school grads. That doesn't mean that most workers with at least high school degrees earn \$7.25 an hour. Only 3.6 percent of workers with at least high school degrees earn the minimum wage or less, compared to nearly 10 percent of those with less than a high school degree.

What do they do?

About 64 percent of at-or-below minimum wage workers are part-timers. That means, according to the Bureau of Labor Statistics, they work less than 35 hours a week.

MORE FROM MAKING SEN\$E

[OK, \\$15 an hour minimum wage in Seattle, but plus tips?](#)

Most minimum wage workers toil in service occupations, specifically food prep and serving. And according to the BLS's industry-level data (as opposed to their occupation-level data), leisure and hospitality workers make up the largest chunk (55 percent) of wage and salary workers earning the minimum wage or less.

You can look up [average hourly earnings by industry](#) from the BLS, and average hourly earnings specifically for [production and non-supervisory workers](#).

What would the effect of raising the federal minimum wage be?

Opponents often claim that raising the minimum wage would keep low-skilled workers (like teenagers) out of the labor market. In other words, raising the wage would make them compete with higher-skilled (and presumably older) workers since, they argue, employers would want skills commensurate with the higher rate. And, they argue, employers would hire fewer workers, in general, since they won't be able to pay them all more.

See Paul Solman's conversation with two small business owners making this argument:

Proponents tend to argue that minimum wage workers are breadwinners, for whom a higher wage is a matter of sustenance and survival, and giving them more purchasing power would help the economy. They see increased family earnings far outweighing any potential job loss.

David Rolf, president of the local SEIU chapter near SeaTac, Washington, made the case to Paul Solman last year, arguing that it's actually better for businesses if low-wage workers have more money in their pockets:

The definitive source in this debate is the [2014 Congressional Budget Office report](#), generally accepted (although less so by some Capitol Hill Republicans) to be a nonpartisan authority. The CBO estimated the effects of raising the federal minimum wage to \$9 an hour and \$10.10 an hour (we'll stick with the latter example), and arrived at two central conclusions, one touted by opponents and one touted by proponents of raising the wage.

First, what conservatives like to repeat: Raising the minimum wage to \$10.10 would reduce employment by about 500,000 jobs by the second half of 2016. This is what the Manhattan Institute's Furchtgott-Roth has in mind when she says that low-skilled workers won't be able to find jobs. That's because, one, it becomes more expensive for employers to hire them, and two, if employers spend more on wages, they have to raise prices, theoretically creating less demand for their product, and thus less demand for employees to produce that product.

MORE FROM MAKING SEN\$E

[Restaurant owners caught between their morals and the market](#)

What makes liberals happy? The CBO estimates that raising the minimum wage to \$10.10 an hour would lift 900,000 people out of poverty. And wages wouldn't just rise for minimum wage workers only: families with income up to six times the poverty threshold would see increases in real income. In all, the left points out, the CBO report estimates some 25 million Americans would benefit from a minimum wage increase.

Judy Woodruff got two perspectives on that CBO report back in February from Thea Lee of the AFL-CIO and David Neumark of University of California, Irvine.